

MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

INDEPENDENT AUDITORS' REPORT

To the Members of Meghalaya Energy Corporation Limited

Report on the Standalone IND AS Financial Statements

1. Disclaimer of Opinion

We are engaged to audit the accompanying Standalone Ind AS financial statements of Meghalaya Energy Corporation Limited ('the Company'), which comprise:

- a) the Standalone Balance Sheet as at March 31, 2022;
- b) the Standalone Statement of Profit and Loss (including Statement of other Comprehensive Income) for the Financial Year ended as at 31st March 2022;
- c) the Standalone Statement of Changes in Equity for the Financial Year ended as at 31st March 2022;
- d) the Standalone Cash Flow Statement for the Financial Year ended as at 31st March 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying Standalone Ind AS financial statements of the company, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

2. Basis for Disclaimer of Opinion:

2.1. In exercise of the power conferred under Section 131 of the Electricity Act, 2003 the Government of Meghalaya unbundled the Meghalaya State Electricity Board (MeSEB) into four companies i.e., Meghalaya Energy Corporation Limited (MeECL), the holding company, Meghalaya Power Generation Corporation Limited (MePGCL), the generation utility, Meghalaya Power Transmission Corporation Limited (MePTCL), the transmission utility and Meghalaya Power Distribution Corporation Limited (MePDCL), the distribution utility, vide "The Meghalaya Power Sector Reforms Transfer Scheme, 2010" notified by State Government of Meghalaya vide Notification No. Power-79/2009/290 dated 31.03.2010. Subsequently through an amendment in the Transfer Scheme, the State Government transferred all the assets and liabilities of Meghalaya State Electricity Board (MeSEB) to the holding company only. The subsidiaries which comprise of the generation utility, transmission utility and distribution utility were made operational w.e.f. 01.04.2012 after re-vesting of assets and liabilities by the holding company as per Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

Thus, the Company has been incorporated with the objectives of acting as a holding Company of the Distribution, Generation and Transmission utilities and for co-ordination and smooth functioning by providing ancillary services to the subsidiaries as defined in "The Meghalaya Power Sector Reforms Transfer Scheme 2010".

Thus wef 1st April 2012, Meghalaya Energy Corporation Limited (MeECL), i.e. the holding company is a separate legal entity distinct from its three subsidiaries with main object to act as a facilitator of three subsidiaries companies.

But in the matter of Accounting Treatments of certain financial transactions the holding Company:

- i) has not complied the true spirit of Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015, i.e the direction of re-vesting of all respective assets and liabilities by the holding company to the three subsidiaries companies, which is evident from the fact that still the Holding Company is carrying in its Financial Statements the undermentioned transferred Assets / Liabilities to its three subsidiaries companies:
 - a) Fixed Assets which is in use of three subsidiaries Companies {like at Plant & Machineries, Hydraulic works, Line & Cables Network.
 - b) Liability of Customers Deposit towards Capital Cost.
- ii) is behaving itself to an Electricity Company by charging depreciation rate on CERC norms instead of compliance of Company Act Regulations.
- iii) is still behaving with its three subsidiaries companies as its own proprietary units in the matter of accounting of financial transactions wrt Stores and other Ancillary Services, which is done without regulatory compliances.

2.2. The books of accounts of the Company are reflective of certain negative balances. The reasons for the same having arisen, inter alia, include the following: -

- a) On some occasions, negative balances have been carried over from yester years or vide Transfer Notifications during Restructure, Unbundling and/or Trifurcation.
- b) Certain negative balances are subject to aggregation (i.e., recovery, payment, deduction, provisions, etc., have separate ledger heads created for the same cluster of activities).
- c) In some cases, negative balances have occurred due to inaccurate grouping or classification of ledger heads in the computerized books of accounts at the levels of underlying units under the Company's hierarchy.
- d) Furthermore, certain balances of Outside Payables, Outside Receivables and Related Party Accounts remain subject to both reconciliation and confirmations from third-party or underlying related parties and/or subsequent reconciliations with respective third parties or underlying units.
- e) In the light of the aforementioned bottlenecks existent during the process of preparation of financial statements, ascertainment of fair values in accordance



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

with the relevant Indian Accounting Standards (Ind-AS) on a ledger-to-ledger basis has been rendered incapacitated.

2.3. The company has continuously filed all of its Income Tax Return and Tax Audit Return on PAN No. AACCM3684K which is allotted in the name of Meghalaya State Electricity Board inspite of in own PAN No. AAGCM5623C.

2.4. Our other observations have been attached in Annexure A & C of the report and as a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded Property, Plant and Equipment, Capital Work-in-Progress, Inventories, Accounts Receivable/ Payable, Loans & Advances and the elements making up the Statement of Profit and Loss and the Cash Flow Statement.

3. Information other than the Standalone Financial Statements and Auditors' Report

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

The annual report is expected to be made available to us after the date of auditor's report. Hence, we have nothing to report in this regard.

4. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under and accounting system.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

5. Auditor's Responsibility for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

6. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**", a statement on the matters specified in paragraphs 3 & 4 of the Order.
- ii) As required by the Companies Act, 2013 under section 143(5), we have attached "**Annexure-B**" a statement on matters directed by C&AG.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

iii) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations except on the matters detailed in **Annexure A and Annexure C**.
- b) due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph section of our report, we are unable to state whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity, the Cash Flow Statement dealt with by this Report are in agreement with the books of account except for matters referred to in 'Basis for Disclaimer of opinion' paragraph.
- d) Due to the possible effects of matters described in the **"Basis for Disclaimer of opinion"** paragraph above, the aforesaid standalone Ind AS financial statements have not fully complied with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015;
- e) On the basis of the Gazette Notification No 372 dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of Section 164(2) of the Companies Act, 2013 regarding the "Disqualification of Directors" for appointment as Director of company shall not apply being a Government Company.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure D"**. Our report expresses **ADVERSE opinion** on the operating effectiveness of the Company's Internal control with reference to Standalone Financial Statements;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The company has not disclosed the impact of pending litigation on its financial position in its standalone Ind AS financial statements
 - ii) The Company has not made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, of any, on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and

v) No dividend has been declared or paid during the year by the Company.

For, PARIK & CO
(Chartered Accountants)
FRN: 302147E



Partner
CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026
Place: Guwahati, Date: 28/03/2023



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

ANNEXURE A
TO THE INDEPENDENT AUDIT REPORT FOR THE FINANCIAL YEAR 2021-22
(Referred to in paragraph 6(i) of our report of even date)

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

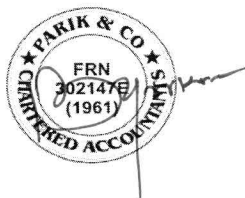
1. (a) (i) The company has not maintained Fixed Assets Register as per the requirement laid down in the Companies Act. The Fixed asset register maintained by the company does not contain specific details about the quantitative details, location and identification of such assets. Further, the Fixed Asset Register, as maintained, by the company is not in reconciliation with the books of accounts and as such, we cannot comment on the completeness and accuracy of the same.
- (ii) The Company do not have any recorded Intangible Assets, hence the relevant clause of CARO, 2020 wrt to maintenance of record of Intangible Assets do not apply on this company.
- (b) According to the information and explanations given to us and on the basis of our examination of the record, the Company do not have approved fixed asset physical verification policy. Further the company has not performed physical verification of fixed assets for the F.Y 2021-22. Having regard to the size of the organization, we are of the opinion that the physical verification process has not been conducted at reasonable intervals. In the absence of final physical verification report, we are unable to quantify the consequential impact of the outcome of such verification on the financial statements.
- (c) The title deeds of immovable properties were not produced to us for our verification; hence we are unable to comment that the company has recorded title deeds in its own name in respect of all the immovable properties in the possession of the company. The management has informed us that the company is in the process of getting its name incorporated in the various assets and liabilities transferred to its from Meghalaya State Electricity Board. As per provisions of The "Meghalaya Power Sector Reforms Transfer Scheme 2010" the respective Plant & Machinery in use of all three subsidiaries engaged in Distribution, Generation & Transmission were supposed to be transfer to the respective three subsidiaries companies but till date major part of asset transferred to its three subsidiaries company are still in the name of holding Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not revalued its



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

Property, Plant and Equipment or Intangible Assets during the year ended March 31, 2022. Accordingly, the reporting requirements under Provisions of the clause 3(i)(d) of the order are not applicable to the Company.

- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
2. (a) According to the information and explanations given to us the only some portion of inventory of the company has been physically verified by the management and that too only quantitative verification report of partially verified inventory has been prepared and that too without having any reconciliation report from the books of accounts. Thus, physical verification procedure of inventory is not adequate. In the absence of adequate physical verification report, we are unable to quantify the consequential impact of the outcome of such verification on the financial statements.
- (b) In our opinion and according to the information and explanations given to us, the company has not been sanctioned working capital limits in excess of Rs. Five Crores in aggregate from Banks and/or Financials Institution during any point of time of the year on the basis of security of current assets. Accordingly, the requirements to report on clause 3(ii)(b) of the Order is not applicable to the Company.
3. As per the information and explanations given to us, excepting the transactions with its subsidiary Companies, the Company has not granted any loan, secured or unsecured, to Companies, Firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act during the year. However,
- a) There is no written terms and conditions with subsidiary companies in respect of loans granted to them. Only the interest charged on loan is at same rate as been charged by REC special term loan which is taken by the company (As per the BOD Resolution dated 24.11.2017). Hence, we are unable to comment whether the loans granted are prima facie prejudicial to the interest of the Company except the rate of interest.
- b) As per the information and explanations given to us, repayment of principal and payment of interest are not regular.

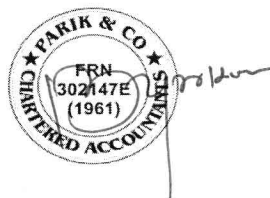


MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

c) As per the information and explanations given to us, total amount overdue from subsidiaries and duration of amount overdue are as follows:

No.	Name of Entity	Period of Default	Principal	Interest
1	MePGCL	Jan'22 to March'22	3,86,87,530	14,62,054
2	MePTCL	Jan'22 to March'22	3,69,57,214	13,96,663
3	MePDCL	Jan'22 to March'22	7,82,51,539	29,57,232
TOTAL			15,38,96,283	58,15,949

4. Related Party Accounts with subsidiaries companies is subject to both reconciliation and confirmations due to required adjustments of carry-over of legacy balances transferred from erstwhile Meghalaya State Electricity Board. Therefore, the company could not provide us the actual balances of the related parties nor with any related party confirmations. According, we are unable to comment, whether the company has complied with the provisions of section 185 and 186 of the Act.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits during the year. However, there is equity share capital pending allotment to Govt. of Meghalaya amounting to Rs. 13193.99 lakh, which may be considered as deemed deposits within the meaning of Section 73 to 76 of the Companies (Acceptance of Deposits Rules, 2014 (as amended)). The company has not made the requisite compliances under the companies Act on the plea that the said amount was originally received as grant from Govt. and not as a Share Application Money.
6. As explained by the management, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act for services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable.
7. (a) With reference to our comments in Annexure C of the Audit Report, the Company could not provide us with requisite details & information with respect to transaction and payment of statutory dues and as such, we are unable to comment as to whether the Company has been regular in depositing undisputed statutory dues including Goods and Service tax, Provident Fund, Employees State Insurance, Income-Tax, Electricity Duty, Cess and any other statutory dues with the appropriate authorities. Further, in absence of information, we cannot comment if there are undisputed amounts payable in respect of statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) The company could not provide us with requisite details & information and as such, we are unable to comment as to whether there are any dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

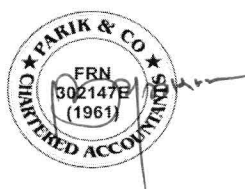


MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

8. According to the information and explanation given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
9. (a) Based on our audit, and as per the information and explanation given by the management, the company has defaulted in the repayment of undermentioned dues of principal or interest on loan to the financial institutions, banks and Government.

Nature of borrowing including debt security	Name of Lender	Amount in Rs.	Whether Principal or Interest	No. of periods delay or unpaid as on 31.03.2022
Term Loan	REC Ltd (A Govt. Undertaking)	153896283	Principal	Jan 22 to March 22
Term Loan		5815949	Interest	Jan 22 to March 22

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained, by way of term loans during the year for the purposes for which they were obtained.
- (d) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of short term loans. Accordingly, the provisions of clause 3 (ix) (d) of the Order are not applicable to the Company.
- (e) The Company has taken loan from REC limited to meet obligation of its subsidiaries companies. However, Interest born by the company on such loan has been reimbursed by the subsidiaries.
- (f) The Company has not raised any loan during the year by pledging of securities held in its subsidiaries, joint venture or associate companies if any.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

10. (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
11. (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
12. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to 3(xii)(c) of the Order is not applicable to the Company.
13. Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards. However, there is unexplained and unallocated balance of Rs. 3940.16 lakh in the related party disclosure. Further to that receivable amount from Govt. of Meghalaya (the shareholder of the company) of Rs. 82.09 lakh is reflected in Note 11 of the Financial Statement which is subject to confirmation.
14. In our opinion and based on our examination, the company has an internal audit system, however the same is not commensurate with the size and nature of its business.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

15. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
16. The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) to 3(xvi)(d) of the Order is not applicable to the Company.
17. The Company has incurred cash losses approximately amounting to Rs. 6501.81 lakh in the current year and amounting to Rs. 5825.63 lakh in the immediately preceding financial year respectively. Cash losses has been calculated by reducing the Grant amortization and adding the depreciation to the Net Profit after taxes of the company.
18. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Ind AS financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
20. The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

- 21 The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For, PARIK & CO
(Chartered Accountants)
FRN: 302147E



Partner
CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026
Place: Guwahati, Date: 28/03/2023



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

**Annexure B to the Independent Auditor's Report
for the Financial Year 2021-22
(Referred to in paragraph 6(ii) of our report of even date)**

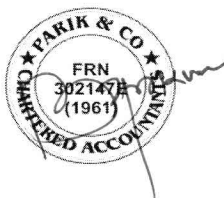
Compliance Certificate

We have conducted the Audit of Accounts of **MEGHALAYA ENERGY CORPORATION LIMITED**, having its Registered office at Shillong (Meghalaya), for the Financial Year ended 31st March, 2022 in accordance with the Directions issued by the Comptroller & Auditor General of India Under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub-directions issued to us. Our comments against the specified direction are enclosed here with in separate sheet.

For, **PAIRK & CO**
(Chartered Accountants)
FRN: 302147E



Partner
CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026
Place: Guwahati, Date: 28/03/2023



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

Annexure B to the Independent Auditor's Report for the Financial Year 2021-22
(Referred to in paragraph 6(ii) of our report of even date)

DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

Sl. No.	Directions	Action Taken
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	No the Company does not have system in place to process all accounting transactions through IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the details provided by the Management and our audit we observed that during the period under audit there is no restructuring of an existing loan or waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	<p>Majority of grants/funds/loans from Government of Meghalaya (GoM) are received by the Holding company, who in-turn transfer's such fund to the respective subsidiary company. The company has produced before us for verification the financial sanctions for grants received by the Holding company for the subsidiary. However, as per the company, the GoM has used incorrect head while preparing the financial sanctions in case of UDAY Scheme and as such, the company has not been able to account/utilize the funds in the manner in which they were sanctioned to be. The company is in discussion with the GoM to get these sanctions rectified.</p> <p>Further, based on over verification, we have observed that Rs. 3000.00 Lakhs received by one of subsidiary Meghalaya</p>



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

Sl. No.	Directions	Action Taken
		<p>Power Distribution Corporation Limited for ADB Grant projects were transferred to the Holding Company. Reason for such transfer was not provided to us by the management.</p> <p>The Company is following a practice of later on issuing equity against grant money received for any project from the Government in terms of order no. POWER-101/2014/190 dated 24th March, 2015, issued by Additional Chief Secretary to the Govt. Of Meghalaya and thereby not following Compliance of IND AS 20. on Government Grants accounting issued by ICAI. Hence, we are unable comment upon the deviation of fund.</p>

For, PARIK & CO
(Chartered Accountants)
FRN: 302147E



Partner
CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026
Place: Guwahati, Date: 28/03/2023



ANNEXURE C
TO THE INDEPENDENT AUDIT REPORT FOR THE
FINANCIAL YEAR 21-22
(Referred to in Para 6 (iii) (a) of our report of even date)

A. NOTE 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Clause 05 Depreciation/ Amortization:

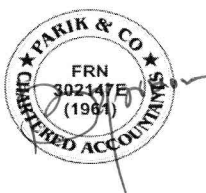
In case of depreciation and amortization of Plant & Machinery, the company has adopted the rate of depreciation or amortization and estimated useful life thereon as prescribed by Central Electricity Regulatory Commission (CERC) instead of the useful life and residual value as prescribed in Part C of schedule II of the Companies Act, 2013 in spite of the fact the company is not engaged in either Generation, Transmission or Distribution of Electricity. Thus, the company has violated the applicable provisions wrt to depreciation rate prescribed under the Companies Act, 2013.

Clause 16 Employee Benefits:

It is clear from the note that the provision for long term employee benefits has not been made in accordance with Ind AS 19 Employee Benefits. The impact of the above on the financial statements could not be ascertained.

B. NOTE 2: PROPERTY, PLANT AND EQUIPMENT: Rs. 975.02 lakhs

1. The Company has not complied the true spirit of Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015, i.e. the direction of re-vesting of all respective assets and liabilities by the holding company to the three subsidiaries companies, which is evident from the fact that still the Holding Company is carrying in its Financial Statements the transferred fixed assets to its three subsidiaries companies, like at Plant & Machineries (gross carrying cost without adjustment of Ind AS of Rs. 466.25 lakh), Hydraulic works (gross carrying cost without adjustment of Ind AS Rs. 1.88 lakh), Line & Cables Network (gross carrying cost without adjustment of Ind AS Rs. 19.21 lakh). Further to that the company has also claimed depreciation on this Assets in spite of the fact that the company has not used these Fixed Assets.
2. The company has not maintained Fixed Assets Register as per the requirement laid down in the Companies Act. The Fixed asset register maintained by the company do not contain specific details about the quantitative details, location and identification of such assets. Further, the Fixed Asset Register, as maintained, by the company is not in reconciliation with the books of accounts. Due to non-availability of sufficient and appropriate audit evidence with regard to the completeness and accuracy of the fixed assets, we are unable to comment on the consequential impact on the Standalone Financial Statements of the Company.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

3. Most of the title deeds of all the immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held either in the name of the predecessor company i.e. Meghalaya State Electricity Corporation or Meghalaya State Electricity Board. Even title deed of most of the transferred assets to three subsidiaries companies are also held in name of holding Company or its predecessor company.
4. The Company could not produce before us for verification 'an approved Physical verification policy of the company'. Further the company has not performed physical verification of fixed assets for the F.Y 2021-22 and also in the preceding years. In absence of such policy and the Physical Verification report, we cannot comment on the existence of assets of the company.
5. The company has not applied the provisions for impairment of assets as per the requirements of Ind AS 36 "Impairment of Assets" and as such we are unable to comment on the impact of impairment, if any, on account of impairment of assets.
6. Based on our sample testing, Insurance coverage has not been done for Property, Plant and Equipment except for vehicles in use.
7. Many put into use assets are still lying under the head of CWIP and consequential depreciation has not been charged on that used assets. In absence of adequate information we are unable to comment on the extent of undercharging of depreciation on the used assets are still lying under the head CWIP.

C. NOTE 3: CAPITAL WORK-IN-PROGRESS: Rs 607.02 lakhs

As per note 3.1 of the financial statements, the company is in the process of reconciling the ageing and project wise status of CWIP as on 31st March, 2022. Complete wise details or asset wise details of the CWIP/Capital Stock along with put to use/commissioning dates, if any, were not produced before us for verification. In absence of the complete reconciliation or audit trail, we are unable to quantify the impact of non-capitalization of Capital work in progress/Capital Stock and the depreciation and value of fixed assets.

D. NOTE 6: NON-CURRENT FINANCIAL ASSETS: OTHERS: Rs 85567.78 lakhs

As per note 6.1 of the financial statements, it includes Receivables from State Government against Terminal Benefits of Staff to the tune of Rs. 84004.24 lakh has been taken in accordance with Transfer Notification No. POWER-79/2009/514, dated the 23.12.2013 approved by the Government of Meghalaya. However, neither there is any realization efforts from Govt. of Meghalaya nor such huge outstanding amount has been adjusted by the company against the State Govt. Grant in spite of conversion of substantial portion of Govt. Grants into equity fund.



E. NOTE 7: CURRENT ASSETS: INVENTORIES: Rs. 711.75 lakhs

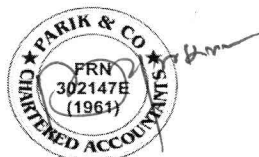
1. Proper inventory records could not produce before us for verification, complete details of Inventories such as rates and value etc. Due to non-availability of sufficient and appropriate audit evidence, we are unable to comment on the completeness, valuation and accuracy of the inventories.
2. The Company has conducted only quantitate verification of inventory and that too no reconciliation of that quantitative verified inventory has been made with books of accounts. As such, we are unable to comment on its existence and its consequential impact of the outcome of such verification on the financial statements.
3. The company has not identified non-moving, slow moving, obsolete and damaged items of inventory and has neither provided any provision for the same. This is in contravention of the requirements as laid down under Ind AS 2 - Inventories.
4. The company is behaving its subsidiaries companies like its own proprietary units wrt transfer of its inventory to subsidiaries companies, as the same has not been effected in compliance of Sale of Goods Act, 1930.

F. NOTE 11: CURRENT FINANCIAL ASSETS: OTHERS: Rs. 45380.43 lakhs

1. The company has wrongly classified undermentioned account under current balances under current financial assets in spite of carrying over and accumulation of these amount from last several years:

Particulars	Balance as at 31st March, 2022
Other Receivable from State Govt.	Rs. 82.09 Lakh
Receivable against Operations, Capital and Others from MePTCL	Rs. 17047.92 Lakh.

2. Other Receivable from State Govt. Rs. 82.09 Lakhs has been wrongly accounted as receivable amount as the company could not produce any respective confirmation of receivable balances from State Govt. Further to that, it was explained by the management that this amount belongs to amount adjusted by REC limited at source and against this Govt. of Meghalaya has already paid Rs. 83.47 Lakh on 3rd January, 2020 but the said receipt has been wrongly accounted in some another accounting



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

head. Thus, this is a case of clear over statement of current financial statement others by Rs. 82.09 Lakhs.

3. Receivable against Operations, Capital and Others from MePTCL Rs. 17047.92 Lakhs is subject to reconciliation and confirmation.

G. NOTE 12: CURRENT TAX ASSETS: INCOME TAX REFUNDABLE RS. 4.09 lakhs

1. The company could not provide us with reconciliation of the Income Tax refundable as appearing in the books of account with the respective income tax return. In absence of this reconciliation, we are unable to comment on the accuracy, completeness and existence of the balances.
2. The company is continuously wrongly filing its income tax return on the PAN of Meghalaya State Electricity Board instead of its own legally allotted PAN No. AAGCM5623C. Further to that all of the TDS receivable amount pertains to allotted PAN in the name of Meghalaya State Electricity Board. Therefore the receipt of Direct Tax Assets in the form of TDS receivable is doubtful and hence there seems to be overstatement of current tax assets amounting to Rs. 4.09 lakh.

H. NOTE 13: OTHER CURRENT ASSETS: Rs. 1132.81 lakhs

Balance with Govt. Authorities Rs. 1069.21 lakh

- a) Based on our sample testing, we have observed that the balances appearing for "GST Input Tax Credit Claimable" are majorly on account of Input tax credit availed from expenses incurred by the company for implementing various Capital Projects, which are in use of the subsidiaries companies. In our opinion, the company is not entitled to avail such Input tax credit as per Rule 42 and 43 of GST Act. The total amount of such ineligible ITC Input needs to be capitalized with the Asset created out of the said expenses. As such, CWIP/Fixed Assets are understated. In absence of complete information, we are unable to quantify the consequential impact on the financial statements.
- b) Further to that the stated balance of Rs. 1069.21 lakh is subject to reconciliation with GST portal credit and subject to grant of input credit entitlement from GST Authorities. Thus, this seems to be clear case of overstatement of other current assets by the 1069.21 lakh.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

I. NOTE 15: OTHER EQUITY: Rs. (18744.56 lakhs)

1. Equity share capital pending allotment Rs.13381.55 lakhs:

It is observed that the company has outstanding share application money of Rs. 13381.55 lakhs. In terms of Rule 2 (vii) (a) of the Companies Acceptance of Deposits Rule, 2014 it has been directed that if allotment of shares cannot be made within 60 days from the date of receipt of the application money and such advance could not be refunded within 15 days from the date of completion of sixty days such amount shall be treated as a deposit under these rules read with section 74 of the Companies, 2013. However, the company has not treated the same as Deposit, on the plea that the said amount is originally received as grant from GoM. Also, the same is to be disclosed as a separate line item in the Balance Sheet as "Share Application money pending allotment", however, the company has disclosed it under the head "Other Equity".

2. As per Note 15.2 of the financial statement it is mentioned that during the year, an internal audit was conducted in relation to the accounting treatment of the Government of Meghalaya Equity Participation 5% holding of Rs. 20.57 crores in North East Transmission Company Limited (NETC) based on which the accounting treatment of funds received by MeECL on behalf of the Government of Meghalaya as equity, capital grant, capital work in progress, etc., is not proper and may require rectification. The matter is being taken up for further examination, consultation in line with the Company Law, and place for approval before the competent authority. The necessary accounting treatment/adjustment entries will be made post-examination and approval by the Competent Authority. Thus, Equity share pending allotment of Rs. 13193.99 lakh is subject to reconciliation and verification.

J. NOTE 17: NON CURRENT FINANCIAL LIABILITIES OTHERS: Rs. 88749.95 lakhs

As per Note 6.1 of the financial statement 'Receivables from State Government against Terminal Benefits of Staff' to the tune of Rs. 84004.24 lakhs against this payable liabilities of Rs. 88479.95 lakhs. Both these balances have been taken in accordance with Transfer Notification No. POWER-79/2009/514, dated the 23.12.2013 approved by the Government of Meghalaya and the same balances are being carried over by the company since the year 2013. The company could not produce for our verification about any recent correspondence with Govt. of Meghalaya / claims against the carried over terminal benefits liabilities to sustain the chances of respective receivable amount and also the respective payable amount. Therefore, we are unable to comment on the real existence of these two balances.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

K. NOTE 18: CURRENT FINANCIAL LIABILITIES OTHERS: Rs. 52494.01 lakhs

1. Liabilities for Capital supplies: Rs. 4084.87 Lakh

There is increase of this liability by Rs. 2127.70 lakh from the preceding previous years in spite of combined additions of only Rs. 331.48 lakhs under the head Fixed Assets and Capital work in progress. The company could not explain or could not produce any substantive documents for the abnormal increase of this liability by Rs. 2127.70 lakh. Therefore, we are unable to quantify the extent of over statement of current financial liabilities for capital supplies.

2. Staff related liability: Rs. 16397.38 Lakh

The company could not produce for our verification the detail break up of this liability and also could not produce the respective actuarial valuation report against the accounted liability for retirement benefits. Therefore, we are unable to comment on the extent of understatement/ over statement of these stated liabilities.

3. Security deposit and retention money payable: Rs. 10421.65 Lakhs

As per information and explanations given by the company this amount includes Rs. 10453.86 lakh on account of deposit for execution of capital works (i.e. customer contribution towards cost of capital). As per approved transfer notification this liability should had been transfer to respective subsidiaries companies engaged in Distribution/ Generation/ Transmission. But the company is wrongly carrying over this huge balance and its financial statement. Thus, there is clear overstatement of security deposit and retention money payable by Rs. 10453.86 lakh.

4. Liabilities for expenses: Rs. 1067.08 Lakhs

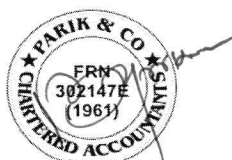
As per Note 18.3 of the financial statement Liabilities for Expenses is inclusive of a balance of Rs. 30.22 lakh which pertains to unidentified credits in the Bank Account(s) pending head-wise identification. The same has been placed under reconciliation. Since, this un identified credit of Rs. 30.22 lakh is subject to identification and reconciliation. Therefore, we are unable to quantified its impact on financial statements.

5. Related Party Payables: Rs. 18668.59 Lakhs

These balances are subject to reconciliation, confirmation and adjustment of many non-existent carried over legacy balances. Therefore, we are unable to comment on the extent of overstatement/ understatement of this related party payables in the financial statement.

L. NOTE 20: STATUTORY DUES PAYABLE: Rs. 133.78 lakhs

This includes the carryover of many legacy balances and also subject to reconciliation and consequential adjustment with various Taxation Authorities. Therefore, we are unable to comment on the extent of overstatement/ understatement of this statutory due payable in the financial statement.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

M. GENERAL OBSERVATION:

1. Internal audit reports for the FY 2021-22 could not be produced before us for verification till date of signing of this report.
2. We invite attention to Note 43 Additional information: The note itself states the various issues with the financial statements and matters pending reconciliation. Therefore, we are unable to express our clear opinion on these financial statements.
3. The balances appearing under sundry advances, loans, deposits are subject to confirmation/ reconciliation and consequential adjustments. In the absence of confirmation of balances and / or reconciliation in respect of the above we are not in position to quantify the consequential impact on the financial statements.
4. Based on the information/documents provided to us for verification, TDS is generally deposited by the company based on payments made to the vendors. This is in contravention of the Income Tax Act, 1961 which states that TDS needs to be deducted on payment or credit whichever is earlier. Such practice followed by the company will attract interest and penalty.
5. Certain accounts under the liabilities head are showing debit balances whereas under assets head they are showing credit balances. As this is apparently not correct, it needs verification and correction. In absence of information the effect of reconciliation on the financial results of the company cannot be quantified.
6. The Balances appearing under various accounting head has no changes during the reporting financial year. Further their breakup and age wise analysis also not produced to us for our verification.
7. Disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006 read with MCA notification GSR 719(E) dated 16/11/2007 were not provided by the Company.

For, PARIK & CO
(Chartered Accountants)
FRN: 302147E



Partner
CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026

Place: Guwahati, Date: 28/03/2023



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

ANNEXURE D

TO THE INDEPENDENT AUDIT REPORT FOR THE FINANCIAL YEAR 2021-22
(Referred to in Para 6(iii)(f) of our report of even date)

Report on the Internal Financial Controls under Clause (f) of sub- section 3 of Section 143 of the Companies Act,2013 ('the Act')

We have audited the internal financial controls over financial reporting of Meghalaya Energy Corporation (the Company') as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). The responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit to Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control bases on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22
(Standalone)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of the Management of the Company, and (3) provided reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2022:

- a. The Company did not have appropriate internal controls for reconciliation of physical Inventory and Fixed Asset with the Inventory Records and Fixed Asset Records, which has resulted in misstatement of inventory and fixed asset values in the books of account. The management has failed to design controls to safeguard assets from loss, damage or misappropriation.
- b. The company did not have appropriate internal controls for reconciliations of significant accounts like- trade payables, security deposits, loans and advances and other accounts as mentioned in Annexure C to the Independent Auditors' report, in a timely or accurate manner.



MEGHALAYA ENERGY CORPORATION LIMITED FINANCIAL YEAR 2021-22

(Standalone)

- c. The company did not have appropriate internal controls over the period end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and non-recurring adjustments to the financial statements as mentioned in Annexure C to the report. There are no adequate preventive or detective controls over recording of transactions so as to permit preparation of financial statements which are free from material misstatements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 standalone financial statements of the Company, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a disclaimer of opinion on the standalone financial statements.

For, PARIK & CO
(Chartered Accountants)
FRN: 302147E


Partner

CA Bipin Kumar (FCA)
ICAI Membership No: 059805
UDIN: 23059805BGWEAO1026
Place: Guwahati, Date: 28/03/2023.

